(b) and (c) Banks and FIs extend financial assistance to all eligible and viable projects of industrial concerns irrespective of location of the projects.

Postal charges for Outstation Cheques

36. SHRI S.K. KHABIR UDDIN AHMED: Will the Minister of FINANCE be pleased to state:

(a) whether banks not only take commission but Rs.25 as postal charges also for ever outstation cheque (OSC);

(b) how much charges private banks are taking for every OSC; and

(c) what are the reasons for not crediting OSCs by using E-mail for exchange of information in the age of telecommunication, information technology?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) have reported that with effect from September, 1999, commercial banks have been permitted to fix their service charges independently with the prior approval of their Board of Directors. Banks were advised that while fixing service charges for various types of services like charges for cheque collection etc. they should ensure that charges are reasonable and not out of line with the average cost of providing these services. Further, banks should also take care to ensure that the customers with low volume of activities are not penalized.

(c) The information is being collected and, to the extend available, will be laid on the Table of the House.

Rising Fiscal Deficit

37. SHRI RAJKUMAR DHOOT : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Chairman of the Twelfth Finance Commission has warned against rising deficit which would adversely affect economic growth;

(b) if so, the present position of deficit in relation to GDP as compared to the last year; and

(c) the steps being taken to bridge the gap ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) The chairman of the Twelfth Finance Commission while inaugurating a seminar on "Issues before the Twelfth Finance Commission" on Sept. 29,2003 had *inter-alia,* observed that the adverse impact of large fiscal deficits on the economy should not be underestimated.

(b) The combined fiscal deficit of the States and Centre is 9.3 per cent of GDP for 2002-03 (BE) as compared to 10 per cent in 2001-02 (RE).

(c) Budget 2003-04 lays stress on fiscal consolidation for sustained growth by eliminating budgetary drags, expenditure rationalisation and revenue enhancement under a modern tax administration. The fiscal Responsibility and Budget Management Act, 2003 seeks to ensure inter-generational equity in fiscal management and long term macro-economic stability by appropriate fiscal and monetary policy and envisages elimination of revenue deficit by March 2008.

High Interest Bonds for Varishtha Beema Yojana

38. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the LIC has requested Government to create a fund or periodically issue high-interest bonds for meeting interest deficits to make Varishtha Beema Yojana a viable scheme;

(b) if so, whether Government have agreed to accede to the request of LIC; and

(c) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) The Life Insurance Corporation of India requested Government to issue 10.4% Government bonds for 15/20 years as an alternative to annual budgetary support.

(b) Not, Sir.

(c) The Government didn't agree to the request as it would distort the bond market and will also add to a fixed liability of the Government.